

Please file: SC: McCormick City: Barite Hill; Lease + Option: U.S. F.S.

AMSELCO EXPLORATION INC.
MEMORANDUM

To: D. J. Duskin Date: October 31, 1986
From: W. L. Gunter
Subject: Land Exchange of United States Forestry Service (USFS)
Tract 60-d at Barite Hill

On October 28, Kenny Martin and I conferred with Charles Von Herrmann, a forester/appraiser with the USFS in Columbia, South Carolina. Our intent was to establish the procedure required to obtain the 56-acre USFS tract 60-d at Amselco's Barite Hill prospect via land exchange. The land exchange mechanism was brought to Amselco's attention in a December, 1984 meeting at Barite Hill with representatives of the USFS and BLM. At that time, the tract was scheduled for logging. The tract is small and isolated from the main USFS holdings within the Sumter National Forest and apparently creates administrative problems for them. The BLM and USFS representative suggested a possible land exchange after logging was completed. The st value of the property was estimated. Harvesting was completed, and the late this summer.

The surface mineral rights a BLM hardrock tended until Juselco a preferred BLM. The advance

What about the condemnation effect of the work we've done to date?

by the USFS, but the Amselco presently has which has been exempt would give Amselco a lease with the the USFS tract are:

- Control Catawba
 - Acquire facilities
 - Alleviate work that or adjacent to Federal Government lands.
- Could we not just drill a couple more holes + condemn it? (What abt w. end nr. R'ford?)*
- the Barite Hill/ table for mine paper and legal conducting mining activities on

The USFS wants to sever all interests in the tract. They feel that any retained mineral interests or overriding royalties will create additional administrative problems for them.

The USFS has a rather active land exchange program in South Carolina. The formula is relatively straightforward. The estimated transaction time is twelve to eighteen months but can be longer if title or survey problems occur. The general procedure follows:



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The company or individual wishing to acquire a USFS tract must obtain and pay for an appraisal of the tract from a certified appraiser. The USFS has very little experience dealing with mineral values, but this parameter would need to be addressed in any appraisal of the 56-acre tract at Barite Hill. Mr. Von Herrmann suggested a formula utilizing values comparable with adjacent tracts. The USFS does not wish to be accused of "giving away a gold mine."

The appraisal must be screened by Mr. Von Herrmann. He then forwards it to the regional appraiser in Atlanta for final approval. When a basis is established, Amselco must identify and purchase a tract of comparable value that the USFS wants to incorporate into its Sumter National Forest package. Amselco must pay for all appraisals and survey work on the purchased parcel. The USFS will do all timber cruising necessary; Amselco will furnish the USFS with surveys, plats, and the surveyor's report. Amselco must then pay for a legal notice of intent to exchange to be published once a week for four weeks in a local paper. If no objections to the exchange are encountered, Amselco and the USFS will sign a legally binding agreement to proceed with the exchange.

The USFS then conducts the following surveys and activities concerning the properties to be exchanged:

- . Cultural resource survey.
- . Flood Plain report.
- . Wetlands report.
- . Endangered species report.
- . Minerals report.
- . Clear with State agencies.
- . Notify counties, legislators, congressmen.
- . Congressional oversight.

At the end of these activities, the exchange of title would take place. The main sticking point will be placing a value on the mineral rights. The USFS position assumes a mineral value, and Amselco will have to address this via the appraisal. My feeling is that something in the order of two to three times the actual property value will be necessary to achieve an exchange figure suitable to the USFS.

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cc: Kenny Martin
Joel Padgett

LAND EXCHANGE - GENERAL PROCEDURES

ASSUMING NO TITLE, SURVEY, ETC.
PROBLEMS

TIME 1YR TO 18 MONTHS IF THERES NO PROBLEM

MUST BE BASED ON EQUAL VALUE PER FAIR MARKET APPRASIAL APPROVED BY THE F.S

FS WILL CRUISE

SURVEY, PLATS, AND SURVEYORS REPORT

we provide survey on prop. to be swapped.

LEGALE NOTICE ONCE A WEEK FOR 4 WEEKS

*we pay for legal notice in area of interest
this is a title requirement to notify the public.*

EXCHANGE AGREEMENT LEAGLYY BINDING

FS CULTURAL RESOURCE SURVEY

FS FLOOD PLAIN REPORT

FS WETLANDS REPORT

FS ENDANGERED SPECIES REPORT

FS MINERALS REPORT

FS CLEAR WITH STATE AGENCIES

FS NOTIFY COUNTIES, LEGASLATORS, CONGRESSMEN

FS MUST GO THROUGH CONGRESSIONAL OVER SITE

3524
1/24/74
+ HES

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Timber Sales, Land Brokerage,
Forest Management Plans,
Reforestation, Appraisals

Appraiser list furnished by the USFS.
All are familiar with ~~with~~ procedures,
forms, etc., and many are former
Forest Service personnel;

AMSELCO MINERALS INC.
MEMORANDUM

To: D. J. Duskin

Date: July 7, 1987

From: J. P. Padgett

Subject: Acquisition of USFS Tract 60-d at Barite Hill

In a memo dated October 31, 1986, W. L. Gunter outlined the procedure required to obtain the USFS Tract 60-d at Barite Hill by a land exchange program. As he pointed out, among the advantages to Amselco of the property acquisition are:

1. Control of an important property between the Catawba and Rainsford tracts.
2. Ownership of low-cost land for possible mining facilities.
3. Avoidance of lengthy administrative work required to conduct mining activities on or near federal lands.

In light of our current exploration success at Barite Hill and our newly acquired joint venture agreement with Hawk Resources Ltd., the possibility of future mining activity at the property has substantially increased. Thus, the advantages outlined above are more pronounced. For example, the mining facilities as currently envisioned will be situated on the Catawba tract. The cost of purchasing land would be approximately \$3,000 per acre. At present, Gunter feels we can obtain the USFS tract for \$1,500 per acre, perhaps less since our exploration of the property has revealed little mineralization potential. Also, our recent discovery of exploration targets south of the tract and potentially important mineralization to the west on the Rainsford tract places the USFS land in a central and rather strategic position.

The USFS has repeatedly expressed the desire to divest themselves of the property by the land exchange program. Should we initiate the land swap procedure with them, the estimated time to complete the transfer will be twelve to eighteen months.

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